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TAGS: [PGOV](#) [PREL](#) [SOCI](#) [ECON](#) [UP](#)  
SUBJECT: EXPECT SOCIAL UNREST AND GROWTH OF RADICAL  
PARTIES, SENIOR REGIONS MP TELLS AMBASSADOR

Classified By: DCM James Pettit for reasons 1.4 (b,d).

SUMMARY

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11. (C) A disaffected but influential Party of Regions MP told the Ambassador that an additional three million Ukrainians could lose their jobs in the next few months and that the country's leaders do not comprehend the magnitude of the economic crisis. He predicted the Party of Regions would be the biggest political loser from the economic meltdown, which will devastate heavy industry in Regions' electoral base of Eastern Ukraine. The Communist, radical leftist, and nationalist parties are poised to gain. END SUMMARY.

POLITICAL LEADERS OUT OF TOUCH  
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12. (C) Ex-President Kuchma's former Chief of Staff and two-time Deputy Prime Minister, Dmytro Tabachnyk, currently a senior MP from Party of Regions' left wing, met with the Ambassador on November 13 to discuss Ukraine's economic crisis. Tabachnyk said he had recently spent three hours discussing the economic outlook with Former Prime Minister and Party of Regions head Viktor Yanukovych. It was clear, he said, that Yanukovych did not understand the seriousness of the situation. Tabachnyk said that despite President Yushchenko's background in economics and banking, his proposals were "incomprehensible" and would not improve economic conditions. He said that he did not know if Prime Minister Tymoshenko understood the severity of the economic situation, but that her cabinet lacked the skills necessary to deal with it. Tabachnyk pointed to the cabinet's failure to manage contracts to buy textbooks and school buses and said "if they can't even do that, how can they keep the economy from collapsing?"

STRIKES AND PROTESTS TO COME  
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13. (C) Tabachnyk laid out a sobering scenario for Ukraine's economy in the near term. He said that by late spring, an additional two to three million workers would lose their jobs. Layoffs would be most severe among industrial workers in Eastern Ukraine and young white collar workers in the largest cities. Tabachnyk said he expects this to lead to massive strikes and protests next year. He warned that the spike in unemployment would mean a "massive surge" in criminality and corruption. Tabachnyk said crime would be much worse than in the early 1990s because people had gotten used to living well and not merely surviving. He said that Yushchenko, Tymoshenko and Yanukovych are like "Russian nobles in the spring of 1917, convinced that they are untouchable and in control."

## PARTY OF REGIONS SHOULD WORRY

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14. (C) Tabachnyk was pessimistic on the future of his party. He said that Regions would be the biggest loser politically from an economic meltdown. Regions core electoral support was tied to improving economic conditions in heavily industrialized Eastern Ukraine. Tabachnyk explained that beginning in 1998, as heavy industry growth resumed, support for Regions also grew at the expense of the Communist party. He said that Regions is still viewed as the party of large industrialists. As long as Regions-connected businesses improved living standards, workers were content to vote for Regions.

15. (C) However, this relationship is already deteriorating. Internal Regions polling shows support in the party's stronghold of Donetsk oblast down 12-15% since August. The numbers were worse for Regions in Crimea. Tabachnyk said things will only get worse for the party as laid-off workers see businessmen, the public faces of Regions, still driving their luxury cars and flying personal jets. Regions will look powerless when it is unable to meet the demands of striking workers. (NB: One example: During a recent visit to Donetsk, several university students we spoke with were scornfully aware of the exact model of Yanukovych's ultra-luxury late-model Mercedes -- a symbol to them of his lack of connection to his electorate.)

## COMMUNISTS AND RADICALS TO GAIN

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16. (C) The biggest beneficiaries in Tabachnyk's scenario will be the Communists and radical parties on both sides of the political spectrum. The decline in support for Regions in favor of the Communists has already begun, according to Tabachnyk. Voters will be attracted to the Communists' calls for nationalization of industry and guaranteed jobs. Tabachnyk said that other left parties, such as the unabashedly pro-Kremlin, anti-NATO Vitrenko bloc, will also attract new voters as they rail against what they describe as the failure of market economics. If early elections were held this spring, the Vitrenko bloc would make it into parliament and the Russia Bloc would replace Regions as the majority party in Crimea.

17. (C) Regions won't be the only losers on the national stage. Tabachnyk said that nationalist parties on the right would also gain supporters at the expense of Yushchenko and Tymoshenko. Yushchenko would lose support to strident nationalist parties such as Svoboda, which could make it in to parliament if early elections are held in the near future. While Tymoshenko will also lose support, her Bloc will fare the best of the major parties because her populist message may resonate with voters who were reluctant to back her in the past.

## COMMENT

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18. (C) Other Regions MP contacts also predict social unrest to come in the East and South as unemployment surges -- particularly after the New Year. However, Regions politicians more typically believe that the Tymoshenko government, as the party in power in Kyiv, and not Regions, will suffer the greatest political fallout. We agree with Tabachnyk that a spike in unemployment would open up opportunities for radical parties to make significant gains, including entering the Rada, if pre-term elections take place. The inclusion of such parties would, to say the least, not help Ukraine find the consensus it needs to meet the challenges before it.

TAYLOR